

Following is the text of a speech presented by Secretary Hassett at the Governors' and Premiers' Summit sponsored by the Great Lakes Forest Alliance in Minnesota on February 11, 2004. Focus of the conference was on what is needed to sustain the forest industry in the Great Lakes region.

Sustaining the Future of the Forest Industry in the Great Lakes Region

By Wisconsin DNR Secretary Scott Hassett

- I am pleased to represent Governor Doyle today, who sends his regrets. Governor Doyle has placed a high priority on forestry and the forest products industry. He feels strongly about forests because of the time he spent in the North Woods, as a youth. He believes in the forest products industry because of the role it plays in the state's economy.
- Governor Doyle has asked me to report on his record, but more importantly to commit Wisconsin to joining our neighbors in meeting shared challenges. Those from Wisconsin know this administration's record with the forest products industry. Our words have been clear and deeds have followed the words.
- In the campaign, Governor Doyle raised the issue of forest fragmentation and called for bold approaches to keeping large tracts of forests available for professional management and open for outdoor recreation. He also called on state agencies to come up with fresh ideas on how to manage natural resources and protect the environment.
- In his first days in office, Gov. Doyle met with representatives of the forest products industry to hear their concerns about the regulatory inefficiency that evolved over the years and then he worked with the Legislature to fix the system.
- In his first year in office, Governor Doyle created the Grow Wisconsin initiative that placed the forest products industry in one of the state's key economic clusters. He also outlined steps we will take to create a solid forest certification system to position the industry competitively.
- Last summer the Governor, State Forester Paul DeLong and I met with David Refkin of Time Warner to discuss forest certification.
- Throughout his first 13 months, Governor Doyle invested one of the most important assets of his office -- his time and presence - in the forest industry cluster. Here are some snapshots:
- To give the industry visibility, he held regulatory improvement news conferences at two mills in the Fox Valley - Georgia Pacific and International.
- To highlight the need for technology transfer, he conferred with experts at the Forest Products Lab and made sure that the new Center for Technology Transfer made forestry a top priority.
- To emphasize DNR innovation that's important to the forest industry, he visited Packaging Corporation of America in Tomahawk, one of the Green Tier Pilot Project companies that's testing regulatory innovation.
- To support value added forest products, he invested time and energy in the printing industry's effort to make the Mid-West the printing capital of America.
- Clearly, Governor Doyle is in tune with forestry and willing to roll up his sleeves and work for its future, as am I.

Benefits of the forestry industry

- Conference organizers wanted me to mention the benefits of the forest industry to the Region's environmental, economic and community well being. I will mention a few. But I would be telling you something that you know. So I'll be brief, to save time for the challenges.
- Environmentally, forests in Wisconsin, Minnesota, Michigan and Ontario protect the Mississippi River and streams that feed the Great Lakes. Our forests also provide an array of habitats that house a wide diversity of plants and animals
- But I think we need to be even stronger in stating that without a strong forest industry our environment would be worse off. You show me a state with a forest industry that is in trouble and I will show you a state that needs environmental help.
- Blind opposition to the forest industry is like playing Russian Roulette with the environment and you can look for lessons no further than the Northeast. Environmentalists, communities and conservationists in northern New England fear the potential loss of big blocks of industrial forest lands that are so important to sound land management. The Governor and I share that concern in Wisconsin.
- Economically, forests helped make Wisconsin the nation's top paper maker and generated allied businesses that created an economic cluster of valued-added jobs. There are more than 1,800 forest products companies in Wisconsin that employ nearly 100,000 persons. And these jobs average nearly \$41,000 a year, well above the state average.
- Socially and culturally, our forests help define who we are and what we hold important. Forests are the green ambiance without which the land of sky blue waters would be less appealing to tourists and residents alike.

Challenges to remain globally competitive

- Before I go to today's challenges, we should remember the challenges a century ago that faced forests and the industry.
- There were scientific challenges that required funds, professional staff and institutions to replant the cutover region.
- There were public safety challenges that required forming a rural fire suppression force and communications system out of whole cloth.
- There were political challenges that required changing Wisconsin's Constitution and tax system to create forests for future generations. New institutions were created to teach us how to correct and never repeat the mistakes of the past. Trees for Tomorrow is one good example, representing a partnership between industry and Wisconsin Newspaper Association.
- There were environmental challenges that required passing laws, investing resources and developing best practices to protect the land.
- Wisconsin's landscape and economy would look very different today if those challenges had gone unmet. But leaders at the time had the wisdom, creativity and courage to meet those challenges. And the people embraced change because they knew they had to work together for a better state. These examples serve us well today.
- Forest history is rich with actions that produced results. It defines Wisconsin and the Region. There are reminders of this in the names of our villages and counties like

Goodman and Washburn; and on the uniforms of our high school teams like the Papermakers, Loggers, Evergreens and Lumberjacks.

- There are few places in the world where forests are as important to culture and community as in the Great Lakes Region. This is a strength we must build on to meet the challenges to our future.

Challenges in global competition

- In his book *The Lexus and the Olive Tree*, New York Times columnist Tom Friedman describes what he calls the Electronic Herd. The herd symbolizes investors moving from fund to fund, from business to business, from region to region at a feverish pace.
- Investors are looking for low risk and high yield over time. This is happening in a world of paradox - the Lexus car that represents modernization, prosperity and improvement; and the Olive Tree that symbolizes roots, intimacy, self-esteem and community.
- Friedman also reports on globalizing environmental values and actions. The inter-net that moves money instantly also can spread damaging information about logging, spills, mistakes and mis-deeds.
- The challenges reported by Friedman and acted out daily in financial centers like New York, London and Frankfurt.
- The first challenge for Great Lakes Forestry is to understand business risk on a global scale and help our businesses beat our competition in managing them.
- This challenge does not come with easy answers, but here are two examples.
- First, parts of the forest products industry are highly capitalized. So the question is can our industries get easier and cheaper capital because our regulatory systems provide a higher level of certainty than the competition? I believe the answer is "yes" and the proposed Green Tier law may invite a special relationship with the Financial Sector that wants lower risk, greater certainty and sounder business governance over time.
- DNR and the Dept. of Financial Institutions are working with bankers, insurers and consultants to explore this nexus of sustainable business, enlightened regulation and global commerce.
- Second, consumers have higher environmental expectations for products. So the question is can government support industry's need for product branding and labeling? I believe that we can and Wisconsin is working with third party certifiers on systems to meet customer needs.
- It is imperative that the Great Lakes States and the Province of Ontario send positive signals that are important to those who invest in our industries and buy their products.
- The second challenge is to break down the barriers among us that threaten our bright future. In 1987, the report from the Great Lakes Governors' Conference on Forestry judged that relatively little attention has been paid to the Great Lake States, as a Region, for forestry program and policy purposes. There has been some progress, especially through the Great Lakes Forest Alliance. But there has not been enough progress.
- So 17 years after that conference we should plead guilty as charged. We need to do more. We are still a confederation of interests that sometimes meet when it is convenient, not a coalition of committed partners acting to create a better future.

- There is a need for holding regular, constructive conversations among the public, private and non-government sectors.
- There is also a need for discussion of strategic issues such as common marketing plans, labor strategies and taxation policies that send positive signals to those many sectors and players who are important to our forestry future.
- The third challenge is to accelerate our efforts for broader, more inclusive and comprehensive forestry policies and practices. Much good has happened since 1987. But we still are challenged to act more broadly and decisively.
- There are good examples of broader thinking in urban forestry, private forestry, bio-diversity planning, outdoor recreation, and waste-to-energy projects. But we must do a better job of turning good examples into common practices.
- More needs to be done to expand and develop the list of ancillary products and services provided by trees and forests.
- For example, we need to pay more attention to value-added forestry, to sell what we know as well as what we make, and to place a value on the natural capital value of forests for carbon banks, flood plain protection and groundwater management.
- We need to do more to calculate the environmental value of our forests and forest products compared to our competition. If our competition is China, we have to beat them on other things we can count, like fully calculated life-cycle environmental costs and proximity to market.
- One of the Region's greatest attributes is our sustainability ethic. The origins of this ethic are in the lessons of the cut-over and fires more than 100 years ago.
- Vision, hard work and innovation turned tragedy into opportunity and instilled an ethic that is the foundation for action today.
- Clearly, sustainability is in our blood. This should make us naturally inclined to manage forests sustainably for future generations.
- With a growing interest in sustainable forest certification, our Region is well positioned to capitalize on this ethic. We have a strong track record of managing forests for a range of values with an eye to the future. The same cannot be said for much of the world. And customers, investors and business persons are making choices that can favor our Region's more economically and environmentally sustainable future.
- With so much consumption occurring here in North America, we need to connect customers with the impacts of production and develop them with a sustainability ethic. Doing so will not only help the global environment, it will increase the value of products produced in this Region.

Opportunities at the regional level

- The 1987 Conference report provides an excellent foundation for action. It contained warnings and advice about forest fragmentation, China, imports, intolerance and incessant litigation. This report could be dated 2004 without serious re-editing.
- The challenge of this Conference is to act, not talk. To accept the status quo is to deny the forest history that should inspire action, not protect inertia.

- The great conservationist, Theodore Roosevelt, put it this way:

"It is not the critic who counts. The credit belongs to those who are actually in the arena; who know great enthusiasms and great devotions; who, at the best, know in the end the triumphs of high achievement; and, who, at the worst, if they fail, at least fail while daring greatly; so that their place shall never be with those cold and timid souls who know neither defeat nor victory."

- Governor Doyle and I believe that this is the time for great enthusiasm and devotion to the forest legacy of Wisconsin and the Region. To be tentative and timid is to dishonor that legacy at a time of need, if not peril.
- Our forest history and cultural legacy have strengthened Wisconsin's resolve and have already caused us to take significant actions on regulatory reform, forest stewardship and business climate.
- But there should be no mistake. Opportunity is not destiny. Destiny is earned, not inherited. I am confident we collectively can meet these challenges.